Use of Facebook for Corporate Reporting:
The Case of Indian Companies

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ABSTRACT

From the last decade, the Internet has become a new way of communication. Business firms use the internet for communicating with their stakeholder and expanding their business. Nowadays, in the complex environment of competition, companies just don’t want to communicate the information rather they require feedback and response for the particular information. This kind of problem is resolved by the use of social media. Disclosing business information through social media companies get to know about the behavior of investors towards their particular information. Thus, the present paper aims to examine the extent of corporate reporting on Facebook. The results show that 64% companies have Facebook profile. Further, it was found that most of the companies cultivate relationship by presenting information on disclosure and involvement. It was revealed that, mostly companies presented the information on marketing and ignored the financial, social and governance components.

Keywords: BSE 50, Corporate Reporting, Facebook, Organization Public Relationship, Social Networking Sites

INTRODUCTION

An investor is information seeker a right knowledge of the company leads him into successful investment. The organizations aim to provide the unique access to the company’s information so that they raise the opportunity of investment. With the enhancement of technology there is rapid growth in the communication channels. Internet has become a new source of communication in this century and it’s highly preferred by different profit and non-profit organizations. Organizations use internet for corporate reporting all over the world for the direct communication with their stakeholders (Allam & Lymer, 2003; Ashbaugh et al., 1999; Ettredge et al., 2002; FASB, 2000; Garg & Verma, 2010; Lymer et al., 1999; Marston, 2003; Oyelere et al., 2003; Robbins & Stylianou, 2003). Various authors stated the benefits of internet reporting such as wider reach, low cost, integrated reporting, various attractive forms such as audio, video, graphics etc (Garg & Verma, 2010; Gowthorpe, 2004; Trites, 1999; Xiao et al., 2004). As the technology has a nature to change, the new innovative and transparent communication mechanism has come into existence through internet. One of the famous channels of internet communication is social networking sites (SNS) such as Facebook, twitter, YouTube, linkedin etc. social networks are
websites which allows user to communicate at large, discuss the economic political and social issues on it, understand the attitudes of people towards information, sharing knowledge, etc. SNS has a very large base of active user, so it is hard for the organization to ignore social networking phenomenon (Waters et al. 2009). Bonson and Flores (2010) stated, SNS facilitating the multidimensional flow between organization and stakeholders. Thangavel and Vanmathi (2015) suggest SNS provides the new marketing opportunities to the organizations. More involvement and interaction has been possible through SNS, by providing commenting, sharing and liking opportunity to stakeholders.

Web based reporting is very popular among so many organizations. Previous research has focused on reporting through websites (Allam & Lymer, 2003; Ashbaugh et al., 1999; Craven & Marston, 1999; Debreceny et al., 1999; Debreceny et al., 2002; Ettredge et al., 2002; FASB, 2000; Garg & Verma, 2010; Marston, 2003; Oyelere et al., 2003; Robbins & Stylianou, 2003; Xiao et al., 2004) it analysis the content and presentation feature of websites. Few studies examine the reporting on SNS such as Facebook and twitter (Bonsón & Flores, 2011; Haigh et al., 2013; Tao & Wilson, 2015; Waters et al., 2009Waters & Jamal, 2011). Hence, the present study attempted to examine the extent of corporate reporting through Facebook of top 50 BSE listed companies.

LITERATURE REVIEW

Organizations use the internet technology to communicate financial and non-financial information to their stakeholders (Gray and Debreceny, 1999; Ashbaugh et al. 1999; FASB, 2000). User of organization is no longer just a consumer of content, but also actively participates in creating and shaping it through social websites (Bonson and Ratkai, 2012). Briones et al. (2011) suggested practicing public relations through social media is effective and necessary in the emerging digital age. Organizations cultivate relationship with public through interaction on Facebook and other social media (Waters et al. 2009).

There is extensive literature on the reporting through website, Ashbaugh et al. (1999) investigated 290 US firms and found 87% firms had websites and 70% among them engaged in internet financial reporting. They further reported that companies with internet reporting were more profitable then companies without internet reporting. Lymer (1997) surveyed 50 UK companies and found 92% companies had websites and 68% reported financial information on their websites. Marston and Leow (1998) revealed that among the 100 UK companies 63% had website and 45% disclosed some extent of financial information on websites. Craven and Marston (1999) surveyed 206 UK companies and found 74% companies had websites and 71% among them disclosed financial information on websites. Lymer et al. (1999) conducted a study at global level included 660 companies from 22 countries. They revealed 86% of sample companies had websites and 72% companies had financial information on their websites. Marston (2003) examined 99 listed Japanese companies and found 92% companies had websites and 69% disclosed financial information. Very few studies examine the reporting through social networking sites, Haigh et al. (2013) examined the type of information presented by 175 USA organizations on Facebook pages and found 43% company’s disseminated corporate social responsibility. They further include, interacting on Facebook pages bolsters stakeholder’s perception. Bonson and Ratkai (2012) investigated stakeholder engagement and social legitimacy on corporate Facebook pages of 314 European companies and found 35% of them posted related to corporate social responsibility and 41% about marketing and selling. Waters et al. (2009) analysed the content of 275 non-profit organizations’ Facebook profile and revealed that most of the companies presented the components of disclosure and information dissemination. The components of involvement were ignored by majority of organizations. Xiong and MacKenzie
The Significance of Trust to the Adoption of E-Working Practices Within Local Government  
www.igi-global.com/article/the-significance-of-trust-to-the-adoption-of-e-working-practices-within-local-government/209749?camid=4v1a

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